

ANNUAL BUDGET OF MATJHABENG LOCAL MUNICIPALITY



2012/13 TO 2014/15

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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PART 1 – ANNUAL BUDGET

1.1 Mayor's Report

The new budget cycle for Matjhabeng Local Municipality starts in the 1st of July of each year, and ends at 30th June the following year.

According to section 24(1) of the Municipal Finance Management Act, a municipal council must at least 30 days before the start of the new financial year, consider approval of the annual budget.

The Matjhabeng Annual Budget includes an Operational Budget that provides for the annual expenditure and revenue estimates for 2012/13, as well as a Capital Budget that provides for the on-going investment in infrastructure necessary to provide the services to the community.





The total Operational Budget for the 2012/13 financial year is R1 617 317 571. The proposed pay rate is based at 70%, which was informed by past collection trends. The proposed income to be collected from the budgeted income is R1 292 195 331 based on the aforementioned pay rate of 70%. The municipality also made provision for bad debts of R325 122 239 for the financial year 2012/13 but we are positive that we can do more than the anticipated budget.

The Operational budget has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as income on bad debt. The expenditure section includes items such as personnel costs, general expenditure, repairs & maintenance, capital charges, contribution to reserves and contribution to capital.

Due to the present high unit price of water and the present difficult economical situation, there will be a 0% water increase in the water tariffs for the 2012/13 financial year. Sedibeng Water increased its tariffs with 8.5%. The electricity tariff will increase with 11.03% as per the Eskom increase. The refuse tariff will increase with 5.50%, this tariff increase will be for the repairs & maintenance of refuse removal trucks. The sewerage tariff will increase with 5.50%.

The assessment rates will increase from R136 325 137 to R148 379 657 and the pay rate for assessment rates will be 90%. Matjhabeng Local Municipality implemented their Property Rates Policy in the 2011/12 financial year.

The factors which have been considered in the increases include the following:

-  CPIX of 5.50%
-  Increase in Sedibeng Water tariff 8.5%
-  Eskom tariff approximately 11.03%
-  Salary increase approximately 8%

The Capital budget for the 2012/13 financial year is R246 627 000. The sources of funds for the capital budget are as follow:

Contribution to Capital Expenditure	R35 000 000
Municipal Infrastructure Grant	R200 030 000
Other grant funding	R11 597 000

The total budget for the Matjhabeng Local Municipality is R1 863 944 571.

1.2 Council Resolutions

The Municipal Finance Management Act requires that the municipality table and adopt the budget and budget regulations. The format of the budget and supporting documentation is prescribed by the Municipal Budget and Reporting Regulations.

On 27 March 2012 the Matjhabeng Local Municipality's Council adopted the following resolution:

COUNCIL RESOLVED (27 MARCH 2012)

That the Operating Draft Budget of **R 1 292 195 331[R 1 617 317 571(billing revenue) less anticipated bad debts due to 30% non collection of revenue] of R 325 122 239** and the **Capital Budget of R 246 627 000 BE APPROVED.**

The split up of Capital Budget allocation is as follows:

MIG	R 200 030 000
Own funding	R 35 000 000
Other:	
Extended Public Works Programme Grant	R 882 000
Electricity Demand Side Management Grant	R 8 000 000
Integrated National Electrification Programme	R 2 000 000
Neighborhood Development Partnership	R 715 000

1.3 Executive Summary

The Matjhabeng Local Municipality Annual Budget for the 2012/13 financial year is compiled in accordance with the prescripts of the Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations and National Treasury's MFMA Circular No. 51, 54 and 55.

The main challenges experienced during the compilation of the 2011/12 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Sedibeng Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and
- Availability of affordable capital/borrowing.

The total operational budget increased from R1 491 935 649 in 2011/12 to R1 617 317 571 in the 2012/13 financial year, this is an increase of 4.8%. The Equitable Share allocation for the 2012/13 financial year is R434 657 000, this is an increase of R41 758 000 compared to the R360 650 000 allocation of the 2011/12 financial year.

Table 1 – Consolidated overview of the 2012/13 MTREF

R thousand	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
Total Operating Revenue	1 491 935 649	1 617 317 571	1 639 102 732	1 779 330 191
Total Operating Expenditure	1 491 935 649	1 617 317 571	1 639 102 732	1 779 330 191
Surplus/ (Deficit)				

The 2012/13 Operating Budget of **R 1,617,317,571 (billed amount)** has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as rental of halls and hostels. The expenditure section includes items such as personnel costs, general expenses, repairs and maintenance, capital charges, contribution to reserves and contributions to capital. The 2012/2013 budget will be based on a collection rate of 70% as per the requirements of the Municipal Finance Management Act. The proposed income will be at **R1,292,195,331** for the 2012/13 financial

year. The collection rate was informed by past collection trends. The pay rate of 70% has been informed by the following factors:-

- The average pay rate for the past three years was 62% .
- In line with the impact of the recession, a conservative estimate of 70% was deemed appropriate.
- In light of the abovementioned facts the consumer revenue was therefore decreased as the estimates of previous years (85-90% revenue collection) never materialised.

The breakdown below indicates the billed income as well as the proposed income, the municipality also made provision for bad debts of R325 122 239 for the 2012/2013 financial year.

The total Capital Budget Projection for the financial years 2012/2013 is R246 627 000, 2013/2014 R315 579 000 and for 2014/2015 is R414 313 000. The Municipal Infrastructure Grant allocation for the respective financial years are, 2012/2013 R200 030 000; 2013/2014 R211 008 000; 2014/2015 R223 208 000. The other grant funding consists of allocations for the Neighbourhood Development Partnership Grant and the Integrated National Electrification Programme. The projected allocation from the contribution from Operating budget is R35 000 000 for 2012/13; R38 500 000 for 2013/14 and R40 425 000 for 2014/15.

1.4 Operating Revenue Framework

In order for Matjhabeng Local Municipality to improve the quality of the services provided it will have to generate the required revenue. The municipality's anticipated revenue was based on a collection rate of 70%. The municipality aspires to improve their collection rate to 75% - 85%. A revenue strategy has been developed to ensure the improved collection rate is achieved.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

Revenue Raising Strategy

- ☀ Implementation of the Financial Recovery Ten (10) Point Action Plan
- ☀ Rejuvenate disconnection project (Operation Betaal) with a revenue protection unit in place to monitor reconnections and disconnections.
- ☀ Review accounting policies
- ☀ Implementation of the new Valuation Roll.

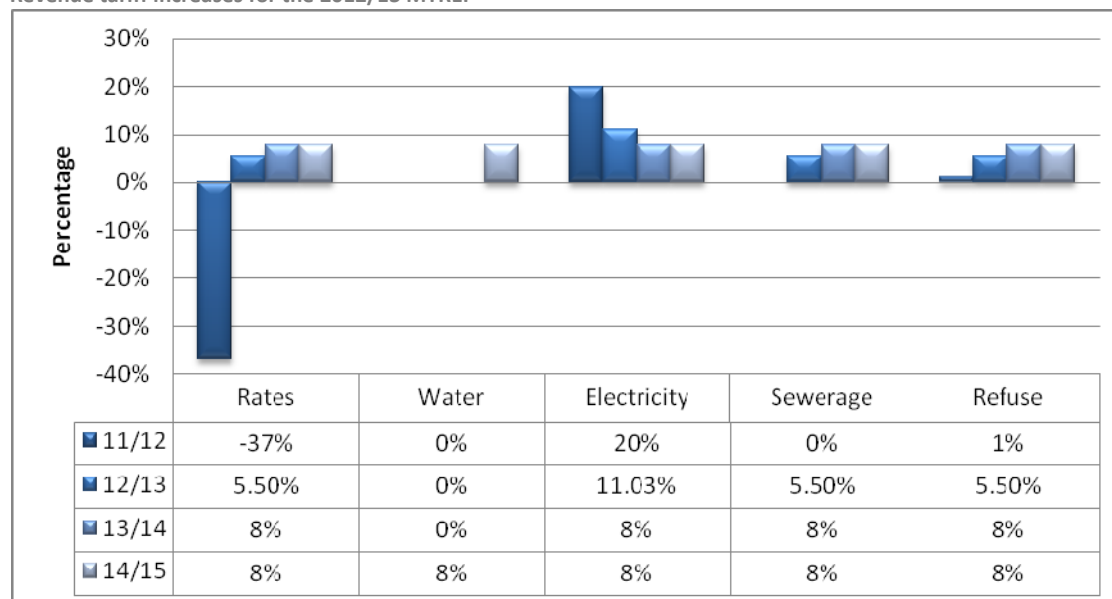
The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 – Operating Revenue per source

	2011/2012 BUDGET	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
<i>Revenue Per Source (Billed amount)</i>				
Assessment Rates	136,325,137	148,379,657	160,250,029	173,070,031
Water	183,016,590	183,016,590	183,016,590	197,657,917
Electricity	518,737,464	575,954,206	645,068,711	696,674,208
Sanitation	98,230,046	103,632,698	111,923,314	120,877,179
Refuse Removal	55,224,343	58,319,944	62,985,539	68,024,382
Grants & Subsidies	392,899,000	434,657,000	408,097,000	449,844,000
Other income	34,108,141	35,984,089	41,168,290	44,461,753
Income – Bad Debts	50,000,000	52,750,000		
Interest Income – Bad Debts	23,339,704	24,623,88	26,593,259	28,720,719
<i>Total Income as per billing</i>	1,491,935,649	1,617,317,571	1,639,102,732	1,779,330,191
<i>Less: Contribution to reserves (Bad Debts)</i>	355,899,331	325,122,239	228,695,510	257,605,391
<i>Total realistically anticipated revenue collected</i>	1,136,036,318	1,292,195,331	1,410,407,222	1,521,724,800

The sources of revenue are property rates, service charges (electricity, water, refuse and sanitation), grants and subsidies, interest and investment income and other revenue such as rental income of halls and hostels. The total operating revenue increased with 5.5%. The following graph depicts the revenue tariff increases applied for the 2012/13 MTREF period.

Revenue tariff increases for the 2012/13 MTREF



Rates: The rates revenue increase is 5.5%. This increase is in line with the CPI which is required to achieve an affordable and balanced rates budget without impeding on service delivery.

Water: The water revenue increase is 0%.

Electricity: Electricity tariffs are linked to the Eskom tariffs for bulk electricity purchases, which are proposed by NERSA to be 11.03% for the 2012/13 financial year. To ensure affordability to its clients the municipality increased its tariff with 11.03% which is 4.97% below the proposed Eskom increase and the increase is in line with the NERSA guideline.

Sewerage & Refuse: The tariff increase for sewerage is 5.5% for the 2012/13 financial year. This CPI increase will afford the municipality the means to ensure that current infrastructure is sufficiently maintained.

2012/13 revenue based on tariff increases			
Revenue category	Budget 2011/12 R	Average tariff increases	2012/13 budgeted revenue
Rates	136 325 137	5.5%	148 379 657
Water	183 016 590	0%	183 016 590
Electricity	518 737 464	11.03%	575 954 206
Sewerage	98 230 046	5.5%	103 632 698
Refuse	55 224 343	5.5%	58 319 944

The revenue on other income will be increased with 5.5%. Other income consists of rental income, interest on investments and market income. The total operating grants (equitable share, finance management, municipal systems improvement grant) increased from R392 899 000 to R434 657 000, this is a 9.6% increase. The Equitable share allocation is a grant which supplement the municipality's

own revenue for the provision of the necessary basic level of services to each poor household within their jurisdiction. The annual DORA publishes the equitable share allocation.

1.5 Operating Expenditure Framework

	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
<i><u>Expenditure Per Category</u></i>			
Salaries, wages and allowances	471,912,614	519,103,875	560,632,185
General expenses	161,889,494	156,306,551	168,811,076
Electricity bulk purchases	260,487,588	278,019,316	300,260,862
Water bulk purchases	214,304,158	231,448,491	249,964,370
Repairs and maintenance	161,889,494	182,528,989	197,131,307
Interest and Capital redemption	4,500,000	4,500,000	4,500,000
Contribution to capital expenditure	35,000,000	38,500,000	40,425,109
Total Expenditure	1,292,195,331	1,410,407,222	1,521,724,800
(Surplus)/ Deficit			

Salaries, wages & related staff cost: The salary figure is **28.28% (R471 912 614)** of the total expenditure. However, not all vacancies have been filled. This has an adverse impact on service delivery. If all positions were to be filled, the salary figure would be closer to 50% of total expenditure. This would clearly be unaffordable to the municipality. However, there are critical positions that would have to be filled. Provision is made for a 8.5% salary increase and then only emergency vacancies are budgeted for. The 2009/10 -2011/12 agreement was used in projections for the 2012/13 MTREF.

Bulk purchases: The supply of bulk services makes **29.36% (R474 791 746)** of the total budget. The following table depicts the projected cost for bulk services. Bulk services suppliers Eskom and Sedibeng will increase their tariffs with 16% and 8.5% respectively. These increases were incorporated in the projections for bulk services expenditure.

Bulk service	2010/11 actual	2011/12 budget	2012/13 Budget	2013/14 Budget	2014/15 budget
Water	205 014 401	198 429 776	214 304 158	231 448 491	249 964 370
Electricity	231 023 578	234 673 503	260 487 588	278 019 316	300 260 862

General expenditure: General Expenses relate to operational costs and are therefore inevitable. This makes up **11.13%** of total expenditure.

Repairs & maintenance: The municipality must ensure the health of our asset base by increasing spending on repairs and maintenance. Repairs and Maintenance relates to service backlogs and upgrading of infrastructure **12.50 %** of total expenditure has been allocated to repair and maintenance.

Depreciation: The municipality expects to adopt the amendments of GRAP 17 for the first time in the 2012 annual financial statements. It is unlikely that the amendment will have a material impact on the

annual financial statements of the municipality. The depreciation was calculated on a straight-line method, based on the lifespan of the asset.

1.6 Capital Expenditure

The total Capital Budget Projection for the financial years 2012/2013 is R255 978 000 and for 2013/2014 is R250 737 098. The Municipal Infrastructure Grant allocation for the respective financial years are, 2012/2013 R200 030 000; 2013/2014 R211 526 000. The other grant funding consists of allocations for the Neighbourhood Development Partnership Grant and the Integrated National Electrification Programme. The projected allocation from the contribution from Operating budget is R35 000 000 for 2012/13 and R38 500 000 for 2013/14.

Table 2 gives an indication of the Capital Budget projections for the period 1 July 2011 to 30 June 2014.

TABLE 2: CAPITAL BUDGET 1 JULY 2011 TO 30 JUNE 2014

	2012/2013 BUDGET	2013/2014 BUDGET
Own Funding		
Capital Replacement Reserve	35 000 000	38 500 000
Total	35,000,000	38,500,000
Grant Funding		
Municipal infrastructure grant	200,030,000	211,526,000
Other Grant Funding	20,948,000	7,500,000
Total	220,978,000	219,026,000
Total funding	255,978,000	250,737,098

****Source: Division of Revenue Act**

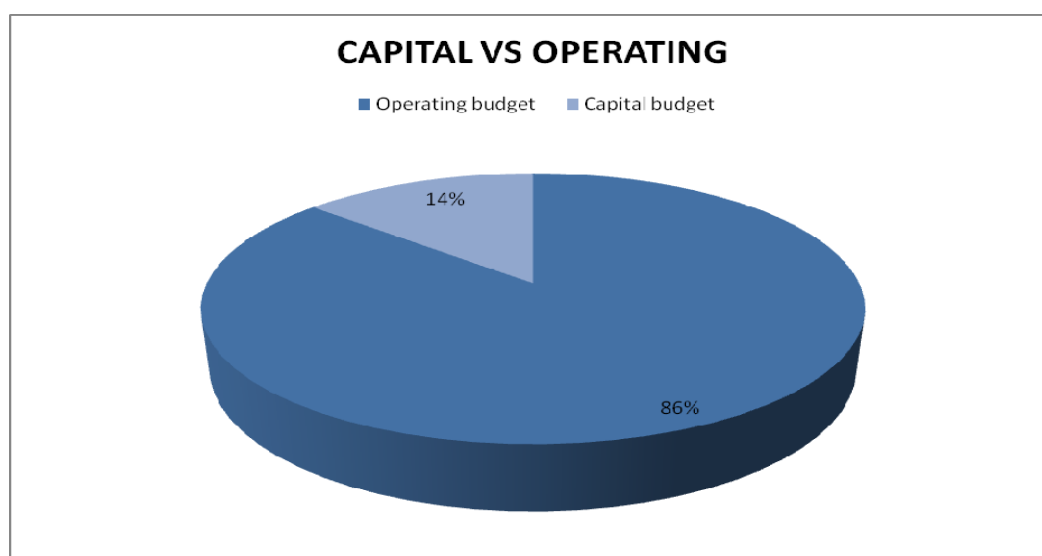
The total estimated budget of the municipality for the 2012/2013 financial year is R1 873 295 571 of which the operating budget consist of 86.34% and the capital budget of 13.66%.

Table 3 gives an indication of the total budget estimates for the period 1 July 2011 to 30 June 2014

TABLE 3: TOTAL MUNICIPAL BUDGET (CAPITAL VERSUS OPERATIONAL)

	2012/2013 BUDGET	2013/2014 BUDGET
Operating Budget	1,617,317,571	1,639,102,732
Capital Budget	255,978,000	250,737,098
Total Budget	1,873,295,571	1,889,839,830

Figure 1 gives an indication of the Operating budget versus the Capital budget for the 2012/2013 financial year.

FIGURE 1: CAPITAL VERSUS OPERATIONAL BUDGET

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulation.

Description R thousands	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Financial Performance</u>							
Property rates	136 325	–	136 325	136 325	148 380	160 250	173 070
Service charges	855 264	–	855 264	855 264	920 923	1 002 994	1 083 234
Investment revenue	–	–	–	–	–	–	–
Transfers recognised - operational	392 899	–	392 899	392 899	434 657	408 097	449 844
Other own revenue	107 448	–	107 448	107 448	113 357	67 762	73 182
Total Revenue (excluding capital transfers and contributions)	1 491 936	–	1 491 936	1 491 936	1 617 318	1 639 103	1 779 330
Employee costs	414 909	–	414 909	414 909	458 293	504 395	544 746
Remuneration of councillors	15 728	–	15 728	15 728	13 619	14 709	15 885
Depreciation & asset impairment	4 500	–	4 500	4 500	4 500	4 500	4 500
Finance charges	–	–	–	–	–	–	–
Materials and bulk purchases	433 103	–	433 103	433 103	474 792	509 468	550 225
Transfers and grants	–	–	–	–	–	–	–
Other expenditure	471 342	–	471 342	471 342	469 224	385 002	426 416
Total Expenditure	1 339 582	–	1 339 582	1 339 582	1 420 428	1 418 074	1 541 774
Surplus/(Deficit)	152 354	–	152 354	152 354	196 889	221 029	237 557
Transfers recognised - capital	177 182	–	177 182	177 182	210 912	216 508	233 036
Contributions recognised - capital & contributed assets	27 455	–	27 455	27 455	35 000	38 500	40 425
Surplus/(Deficit) after capital transfers & contributions	356 991	–	356 991	356 991	442 801	476 037	511 018
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	356 991	–	356 991	356 991	442 801	476 037	511 018
<u>Capital expenditure & funds sources</u>							
Capital expenditure	204 637	–	204 637	204 637	246 627	315 579	414 313
Transfers recognised - capital	177 182	–	177 182	177 182	211 627	216 508	233 036
Public contributions & donations	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–
Internally generated funds	27 455	–	27 455	27 455	35 000	38 500	40 425
Total sources of capital funds	204 637	–	204 637	204 637	246 627	255 008	273 461
<u>Financial position</u>							
Total current assets	181 569	181 569	181 569	181 569	196 095	211 782	228 725
Total non current assets	724 592	724 592	724 592	724 592	782 559	845 164	912 777
Total current liabilities	450 875	450 875	450 875	450 875	486 945	525 901	567 973
Total non current liabilities	51 595	51 595	51 595	51 595	55 723	60 181	64 995
Community wealth/Equity	330 253	330 253	330 253	330 253	356 673	385 207	416 023
<u>Cash flows</u>							
Net cash from (used) operating	2 799 859	–	2 799 859	2 799 859	3 023 847	3 265 755	3 527 016
Net cash from (used) investing	27 455	–	27 455	27 455	29 652	32 024	34 586
Net cash from (used) financing	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	2 852 360	–	2 852 360	2 827 314	3 053 499	6 351 279	9 912 880

<u>Cash backing/surplus reconciliation</u>							
Cash and investments available	14 896	14 896	14 896	14 896	16 088	17 375	18 765
Application of cash and investments	252 809 (237)	415 943 (401)	252 809 (237)	252 809 (237)	272 393 (256)	287 007	309 968
Balance - surplus (shortfall)	913)	047)	913)	913)	306)	(269 632)	(291 204)
<u>Asset management</u>							
Asset register summary (WDV)	-	-	-	-	-	-	-
Depreciation & asset impairment	4 500	-	4 500	4 500	4 500	4 500	4 500
Renewal of Existing Assets	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	161 889	161 889	182 529	351 329
<u>Free services</u>							
Cost of Free Basic Services provided	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-
<u>Households below minimum service level</u>							
Water:	-	-	-	-	-	-	-
Sanitation/sewerage:	17	17	17	17	17	17	17
Energy:	-	-	-	-	-	-	-
Refuse:	14	14	14	14	14	14	14

Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref 1	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Revenue - Standard</u>							
<i>Governance and administration</i>		623 764	-	623 764	675 974	614 055	672 278
Executive and council		431 437	-	431 437	459 280	434 690	478 565
Budget and treasury office		192 328	-	192 328	216 691	179 362	193 710
Corporate services		-	-	-	3	3	3
<i>Community and public safety</i>		68 187	-	68 187	72 261	78 041	84 284
Community and social services		55 355	-	55 355	58 401	63 073	68 119
Sport and recreation		70	-	70	77	82	88
Public safety		1 762	-	1 762	1 903	2 056	2 220
Housing		11 000	-	11 000	11 880	12 830	13 857
Health		-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-
Planning and development		-	-	-	-	-	-
Road transport		-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		799 984	-	799 984	862 603	940 009	1 015 209
Electricity		518 737	-	518 737	575 954	645 069	696 674
Water		183 017	-	183 017	183 017	183 017	197 658
Waste water management		98 230	-	98 230	103 633	111 923	120 877
Waste management		-	-	-	-	-	-
<i>Other</i>	4	-	-	-	6 480	6 998	7 558
Total Revenue - Standard	2	1 491 936	-	1 491 936	1 617 318	1 639 103	1 779 330
<u>Expenditure - Standard</u>	-						
<i>Governance and administration</i>		193 268	-	193 268	247 154	253 660	263 003
Executive and council		92 696	-	92 696	114 173	124 454	120 353
Budget and treasury office		70 984	-	70 984	82 842	74 833	84 058
Corporate services		-	-	29 588	50	54	58

		29 588			139	373	591
<i>Community and public safety</i>		298 463	-	298 463	310 268	326 321	351 043
Community and social services		170 178	-	170 178	122 782	123 354	133 885
Sport and recreation		39 788	-	39 788	71 358	77 750	83 566
Public safety		70 680	-	70 680	97 256	105 780	113 803
Housing		17 816	-	17 816	18 871	19 438	19 788
Health		-	-	-	-	-	-
<i>Economic and environmental services</i>		116 430	-	116 430	71 901	76 487	99 806
Planning and development		75 882	-	75 882	24 132	25 365	44 645
Road transport		40 548	-	40 548	47 770	51 122	55 161
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		862 732	-	862 732	985 063	979 445	1 062 047
Electricity		371 747	-	371 747	549 206	512 901	569 453
Water		353 203	-	353 203	312 259	331 798	341 121
Waste water management		137 781	-	137 781	123 598	134 746	151 473
Waste management		-	-	-	-	-	-
<i>Other</i>	4	21 043	-	21 043	2 931	3 189	3 430
Total Expenditure - Standard	3	1 491 936	-	1 491 936	1 617 317	1 639 103	1 779 330
Surplus/(Deficit) for the year		0	-	0	1	0	0

FS184 Matjhabeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	R ef	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - COUNCIL GENERAL		-	-	-	408	-	408	434	408	449
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	097	-	097	657	097	844
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	23	-	23	24	26	28
Vote 5 - CORPORATE SUPPORT SERVICES		-	-	-	340	-	340	623	593	721
Vote 6 - FINANCE		-	-	-	75	-	75	81	88	95
Vote 7 - HUMAN RESOURCES		-	-	-	192	-	192	223	186	201
Vote 8 - COMMUNITY SERVICES		-	-	-	328	-	328	173	363	272
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT		-	-	-	55	-	55	58	63	68
Vote 11 - ENGINEERING SERVICES		-	-	-	350	-	350	396	067	113
Vote 12 - WATER		-	-	-	1	-	1	1	2	2
Vote 13 - ELECTRICITY		-	-	-	762	-	762	903	056	220
Vote 14 - MECHANICAL WORKSHOP		-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-
		-	-	-	281	-	281	286	294	318
		-	-	-	247	-	247	649	940	535
		-	-	-	518	-	518	575	645	696
		-	-	-	737	-	737	954	069	674
		-	-	-	-	-	-	-	-	-
		-	-	-	11	-	11	11	12	13
		-	-	-	000	-	000	880	830	857
Total Revenue by Vote	2	-	-	-	1 491	-	1 491	1 617	1 639	1 779
		-	-	-	936	-	936	318	103	330
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL GENERAL		-	-	-	42	-	42	55	60	51
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	203	-	203	243	333	384
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	13	-	13	15	16	17
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	362	-	362	188	476	751
Vote 5 - CORPORATE SUPPORT SERVICES		-	-	-	13	-	13	16	18	19
Vote 6 - FINANCE		-	-	-	618	-	618	667	171	524
Vote 7 - HUMAN RESOURCES		-	-	-	34	-	34	43	46	50
Vote 8 - COMMUNITY SERVICES		-	-	-	553	-	553	243	963	566
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	38	-	38	47	51	55
Vote 10 - ECONOMIC DEVELOPMENT		-	-	-	527	-	527	441	582	504
Vote 11 - ENGINEERING SERVICES		-	-	-	93	-	93	86	79	88
Vote 12 - WATER		-	-	-	008	-	008	997	344	917
		-	-	-	4	-	4	10	11	12
		-	-	-	900	-	900	930	896	793
		-	-	-	184	-	184	168	173	187
		-	-	-	107	-	107	516	187	445
		-	-	-	66	-	66	91	99	107
		-	-	-	892	-	892	601	671	207
		-	-	-	27	-	27	14	15	33
		-	-	-	759	-	759	772	206	714
		-	-	-	37	-	37	134	145	156
		-	-	-	168	-	168	907	839	906
		-	-	-	475	-	475	400	428	451
		-	-	-	900	-	900	977	718	834

Vote 13 - ELECTRICITY		-	-	-	441 054	-	441 054	505 510	465 254	518 442
Vote 14 - MECHANICAL WORKSHOP		-	-	-	1 069	-	1 069	6 453	7 025	7 554
Vote 15 - HOUSING SERVICES		-	-	-	17 816	-	17 816	18 871	19 438	19 788
Total Expenditure by Vote	2	-	-	-	1 491 935	-	1 491 935	1 617 317	1 639 103	1 779 330
Surplus/(Deficit) for the year	2	-	-	-	0	-	0	0	0	0

**FS184 Matjhabeng - Table A4 Budgeted Financial Performance
(revenue and expenditure)**

Description R thousand	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	169 289	181 926	186 625	136 325	-	136 325	136	148 380	160 250	173 070
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	212 062	289 866	432 281	518 737	-	518 737	518	575 954	645 069	696 674
Service charges - water revenue	2	160 454	159 696	183 017	183 017	-	183 017	183	183 017	183 017	197 658
Service charges - sanitation revenue	2	80	85	98	98	-	98	98	103 633	111 923	120 877
Service charges - refuse revenue	2	47	52	55	55	-	55	55	58	62	68
Service charges - other	2	685	340	224	280	-	280	280	320	986	024
Rental of facilities and equipment		15	12	7	11		11	11	11	12	13
Interest earned - external investments		694	480	343	000		000	000	800	830	857
Interest earned - outstanding debtors		2	2								
Dividends received		640	640	39	77		73	73	65	13	14
Fines		107 136	665	796	340		340	340	573	763	864
Licences and permits		37	37	4	1		1	1			
Agency services		1	1								
Transfers recognised - operational		446	446	616	763		763	763			
Other revenue		8	8								
Gains on disposal of PPE		6	6		6		6	6			
Total Revenue (excluding capital transfers and contributions)		1 044 621	1 135 704	1 419 343	1 491 936	-	1 491 936	1 491 936	1 617 318	1 639 103	1 779 330
Expenditure By Type											
Employee related costs	2	268 973	325 650	387 387	414 909	-	414 909	414	458 293	504 395	544 746
Remuneration of councillors		18	18	27	15		15	15	13	14	15
Debt impairment	3	697	242	365	728		728	728	619	709	885
Depreciation & asset impairment	2	297 576	208 760	253 010	355 899		355 899	355	325 122	228 696	257 605
		15	28		4		4	4	4	4	4
		518	890	-	500	-	500	500	500	500	500

Finance charges								433			
Bulk purchases	2	286 642	362 455	436 038	433 103	-	433 103	103	474 792	509 468	550 225
Other materials	8										
Contracted services		2	2	-	-	-	-	-	-	-	-
Transfers and grants		441	558	-	-	-	-	-	-	-	-
Other expenditure	4, 5	99						115			
Loss on disposal of PPE		472	148 568	160 804	115 443	-	115 443	443	144 101	156 307	168 811
Total Expenditure			1	1	1		1	1	1	1	1
		989 318	095 124	264 604	339 582	-	339 582	339 582	420 428	418 074	541 774
Surplus/(Deficit)		55	40					152			
Transfers recognised - capital		303	580	154 739	152 354	-	152 354	354	196 889	221 029	237 557
Contributions recognised - capital		73						177			
Contributed assets		183	134 923	191 910	177 182		177 182	182	210 912	216 508	233 036
Surplus/(Deficit) after capital transfers & contributions					27		27	27	35	38	40
Taxation		-	-	-	455	-	455	455	000	500	425
Surplus/(Deficit) after taxation								356			
Attributable to minorities		128 486	175 503	346 649	356 991	-	356 991	991	442 801	476 037	511 018
Surplus/(Deficit) attributable to municipality											
Share of surplus/ (deficit) of associate											
Surplus/(Deficit) for the year	7	128 486	175 503	346 649	356 991	-	356 991	991	442 801	476 037	511 018

Vote Description R thousand	R e f	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote Multi-year expenditure to be appropriated	2							
Vote 1 - COUNCIL GENERAL		7 498	-	7 498	7 498	2 341	2 341	2 341
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-
Vote 5 - CORPORATE SUPPORT SERVICES		-	-	-	-	-	-	-
Vote 6 - FINANCE		2 055	-	2 055	2 055	1 500	-	-
Vote 7 - HUMAN RESOURCES		-	-	-	-	-	-	-
Vote 8 - COMMUNITY SERVICES		19 890	-	19 890	19 890	40 203	22 500	46 541
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT		10 175	-	10 175	10 175	8 191	43 257	50 166
Vote 11 - ENGINEERING SERVICES		82 216	-	82 216	82 216	114 907	67 713	114 636
Vote 12 - WATER		61 956	-	61 956	61 956	79 485	172 564	200 628
Vote 13 - ELECTRICITY		13 350	-	13 350	13 350	-	7 203	-
Vote 14 - MECHANICAL WORKSHOP		7 498	-	7 498	7 498	-	-	-
Vote 15 - HOUSING SERVICES		-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	204 637	-	204 637	204 637	246 627	315 579	414 313
Single-year expenditure to be appropriated	2							
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-
Vote 5 - CORPORATE SUPPORT SERVICES		-	-	-	-	-	-	-
Vote 6 - FINANCE		-	-	-	-	-	-	-
Vote 7 - HUMAN RESOURCES		-	-	-	-	-	-	-
Vote 8 - COMMUNITY SERVICES		-	-	-	-	-	-	-
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-
Vote 11 - ENGINEERING SERVICES		-	-	-	-	-	-	-
Vote 12 - WATER		-	-	-	-	-	-	-

Vote 13 - ELECTRICITY		-	-	-	-	-	-	-
Vote 14 - MECHANICAL WORKSHOP		-	-	-	-	-	-	-
Vote 15 - HOUSING SERVICES		-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-
Total Capital Expenditure - Vote		204 637	-	204 637	204 637	246 627	315 579	414 313
Capital Expenditure - Standard								
<i>Governance and administration</i>		-	-	-	-	2 341	2 341	2 341
Executive and council		-	-	-	-	2 341	2 341	2 341
Budget and treasury office								
Corporate services								
<i>Community and public safety</i>		27 388	-	27 388	27 388	40 203	22 500	46 541
Community and social services		19 890		19 890	19 890			
Sport and recreation						40 203	22 500	46 541
Public safety								
Housing		7 498		7 498	7 498			
Health								
<i>Economic and environmental services</i>		10 175	-	10 175	10 175	8 191	43 257	50 166
Planning and development		10 175		10 175	10 175	8 191	43 257	50 166
Road transport								
Environmental protection								
<i>Trading services</i>		74 306	-	74 306	74 306	79 485	179 767	200 628
Electricity		13 350		13 350	13 350		7 203	
Water		60 956		60 956	60 956	4 990	23 134	56 265
Waste water management						74 495	149 431	144 363
Waste management								
<i>Other</i>		92 768		92 768	92 768	116 407	67 713	114 636
Total Capital Expenditure - Standard	3	204 637	-	204 637	204 637	246 627	315 579	414 313
Funded by:								
National Government								
Provincial Government		164 896		164 896	164 896	200 030	211 008	223 208
District Municipality								
Other transfers and grants		12 286		12 286	12 286	11 597	5 500	9 828
Transfers recognised - capital	4	177 182	-	177 182	177 182	211 627	216 508	233 036
Public contributions & donations	5							
Borrowing	6							
Internally generated funds		27 455		27 455	27 455	35 000	38 500	40 425
Total Capital Funding	7	204 637	-	204 637	204 637	246 627	255 008	273 461

FS184 Matjhabeng - Table A6 Budgeted Financial Position

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjuste d Budget	Full Year Forecas	Pre-audit outcom	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15

							t	e			
ASSETS											
Current assets											
Cash		25 046	30 375	32 805							
Call investment deposits	1	12 223	13 793	15 147	14 896	14 896	14 896	14 896	16 088	17 375	18 765
Consumer debtors	1	117 258	123 552	133 227	166 673	166 673	166 673	166 673	180 007	194 408	209 960
Other debtors		2 836	11 547	12 471							
Current portion of long-term receivables											
Inventory	2	7 036	7 066	7 631							
Total current assets		164 398	186 333	201 281	181 569	181 569	181 569	181 569	196 095	211 782	228 725
Non current assets											
Long-term receivables		6 775	-								
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	569 162	759 076	876 346	724 592	724 592	724 592	724 592	782 559	845 164	912 777
Agricultural											
Biological											
Intangible											
Other non-current assets		213	253	273							
Total non current assets		576 149	759 328	876 619	724 592	724 592	724 592	724 592	782 559	845 164	912 777
TOTAL ASSETS		740 548	945 661	1 077 901	906 161	906 161	906 161	906 161	978 654	1 056 946	1 141 502
LIABILITIES											
Current liabilities											
Bank overdraft	- 1										
Borrowing	4	52 398	53 890	26 787	34 933	34 933	34 933	34 933	37 727	40 745	44 005
Consumer deposits		25 265	25 706	27 762							
Trade and other payables	4	350 227	448 289	495 942	415 943	415 943	415 943	415 943	449 218	485 156	523 968
Provisions		2 507	3 110	3 359							
Total current liabilities		430 397	530 995	553 849	450 875	450 875	450 875	450 875	486 945	525 901	567 973
Non current liabilities											
Borrowing		69 067	20 643	11 468	48 978	48 978	48 978	48 978	52 897	57 128	61 699
Provisions		2 042	59 661	72 606	2 617	2 617	2 617	2 617	2 826	3 052	3 297
Total non current liabilities		71 109	80 305	84 074	51 595	51 595	51 595	51 595	55 723	60 181	64 995
TOTAL LIABILITIES		501 506	611 300	637 924	502 471	502 471	502 471	502 471	542 668	586 082	632 968
NET ASSETS	5	239 041	334 361	439 977	403 690	403 690	403 690	403 690	435 986	470 865	508 534
COMMUNITY WEALTH/EQUITY											

Accumulated Surplus/(Deficit)		328 070	438 342								
Reserves	4	237 055	–	–	330 253	330 253	330 253	330 253	356 673	385 207	416 023
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	565 125	438 342	–	330 253	330 253	330 253	330 253	356 673	385 207	416 023

FS184 Matjhabeng - Table A7
Budgeted Cash Flows

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		834 018	1 082 228	918 730	1 075 697		1 075 697	1 075 697 392	1 161 753	1 254 693	1 355 068
Government - operating	1			262 505 83	392 899		392 899	899 177	424 331	458 277	494 940
Government - capital	1			366	177 182 50		177 182 50	182 50	191 357 54	206 665 58	223 198 62
Interest		640 2	160 3	308	000		000	000	000	320	986
Dividends		37	55	43							
Payments											
Suppliers and employees		(630 555)	(877 644)	678 783 30	1 104 081		1 104 081	1 104 081	1 192 407	1 287 800	1 390 824
Finance charges		(215)	(882)	032							
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		179 926	191 917	1 973 768	2 799 859	–	2 799 859	2 799 859	3 023 847	3 265 755	3 527 016
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		745 5	–								
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (increase) in non-current investments		(1 782)	(1 394)	1 832							
Payments											
Capital assets		(115 497)	(146 161)	138 274	27 455		27 455	27 455	29 652	32 024	34 586
NET CASH FROM/(USED) INVESTING ACTIVITIES		(111 534)	(147 554)	140 107	27 455	–	27 455	27 455	29 652	32 024	34 586
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											

Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(22 902)	(39 033)								
NET CASH FROM/(USED) FINANCING ACTIVITIES		(22 902)	(39 033)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		45 490	5 329	2 113 875	2 827 314	-	2 827 314	2 827 314	3 053 499	3 297 779	3 561 602
Cash/cash equivalents at the year begin:	2		45	50	25		25			3	6
Cash/cash equivalents at the year end:	2	45	50	2	2		2	2	3	6	9
	2	490	819	164 694	852 360	-	852 360	827 314	053 499	351 279	912 880

FS184 Matjhabeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	45 490	50 819	2 164 694	2 852 360	-	2 852 360	2 827 314	3 053 499	6 351 279	9 912 880
Other current investments > 90 days		(8 222)	(6 652)	116 742	(2 837 464)	14 896	(2 837 464)	(2 812 418)	(3 037 412)	(6 333 904)	(9 894 116)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		37 268	44 168	47 952	14 896	14 896	14 896	14 896	16 088	17 375	18 765
Application of cash and investments											
Unspent conditional transfers		7 771	46 427	78 266	51 445	51 445	51 445	51 445	55 561	60 006	64 806
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	98 557	164 479	275 733	201 363	364 497	201 363	201 363	216 832	227 001	245 162
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		106 328	210 906	353 999	252 809	415 943	252 809	252 809	272 393	287 007	309 968
Surplus(shortfall)		(69 059)	(166 738)	(306 048)	(237 913)	(401 047)	(237 913)	(237 913)	(256 306)	(269 632)	(291 204)

FS184 Matjhabeng - Table A10 Basic service delivery measurement

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15

							t			
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		79	79	79	79	79	79	79	79	79
Piped water inside yard (but not in dwelling)		40	40	40	40	40	40	40	40	40
Using public tap (at least min.service level)	2	9	9	9	9	9	9	9	9	9
Other water supply (at least min.service level)	4	3	3	3	3	3	3	3	3	3
<i>Minimum Service Level and Above sub-total</i>		131	131	131	131	131	131	131	131	131
Using public tap (< min.service level)	3	621	621	621	621	621	621	621	621	621
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	131	131	131	131	131	131	131	131	131
<u>Sanitation/sewerage:</u>		621	621	621	621	621	621	621	621	621
Flush toilet (connected to sewerage)		103	103	103	103	103	103	103	103	103
Flush toilet (with septic tank)		2	2	2	2	2	2	2	2	2
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		0	0	0	0	0	0	0	0	0
Other toilet provisions (> min.service level)		9	9	9	9	9	9	9	9	9
<i>Minimum Service Level and Above sub-total</i>		114	114	114	114	114	114	114	114	114
Bucket toilet		056	056	056	056	056	056	056	056	056
Other toilet provisions (< min.service level)		15	15	15	15	15	15	15	15	15
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		3	3	3	3	3	3	3	3	3
Total number of households	5	17	17	17	17	17	17	17	17	17
<u>Energy:</u>		392	392	392	392	392	392	392	392	392
Electricity (at least min.service level)		131	131	131	131	131	131	131	131	131
Electricity - prepaid (min.service level)		448	448	448	448	448	448	448	448	448
<i>Minimum Service Level and Above sub-total</i>		110	110	110	110	110	110	110	110	110
Electricity (< min.service level)		000	000	000	000	000	000	000	000	000
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	110	110	110	110	110	110	110	110	110
<u>Refuse:</u>		000	000	000	000	000	000	000	000	000
Removed at least once a week		117	117	117	117	117	117	117	117	117
<i>Minimum Service Level and</i>		117	117	117	117	117	117	117	117	117

<i>Above sub-total</i>		000	000	000	000	000	000	000	000
Removed less frequently than once a week		0	0	0	0	0	0	0	0
Using communal refuse dump		2	2	2	2	2	2	2	2
Using own refuse dump		10	10	10	10	10	10	10	10
Other rubbish disposal		2	2	2	2	2	2	2	2
No rubbish disposal		0	0	0	0	0	0	0	0
<i>Below Minimum Service Level sub-total</i>		14	14	14	14	14	14	14	14
		338	338	338	338	338	338	338	338
Total number of households	5	131	131	131	131	131	131	131	131
		338	338	338	338	338	338	338	338

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE BUDGET PROCESS

This chapter provides an overview of the Budget Process, as well as an overview of the current financial position and the various challenges it faces in the year ahead.

THE BUDGET PROCESS

Budgeting is the central process of prioritising service delivery and the management of functions within the Municipality. That prioritising is perhaps the single most important contribution that Council makes in setting the direction of the organisation and represents a principle management responsibility. The developing of the budget begins with the Integrated Development Plan (IDP), which is a community driven document, where the citizens of Matjhabeng get an opportunity to communicate their needs and desires to their representatives on Council. This document, which is linked to the Budget, forms the 'wish list' for projects, and service delivery items for the Municipality to consider as it develops the Budget. The challenge then facing the Municipality is finding the means to deliver on the 'wish list' to the community while also maintaining existing programs and services while addressing the current service needs to meet increasing demands. The process is managed by a series of transparent meetings and discussions between management, Council, and the community until a final Budget is passed in May/June of each year. That Budget then represents the legal, and directional spending limits for the Municipality for the Budget Year.

The budget cycle is a continuous process of planning, implementing, monitoring and reporting.

The Municipal Finance Management Act (56 of 2003) (MFMA) provides that the involvement of Council in the budgeting and financial management process must be:-

- ✓ Consideration of the views of the local community and any organ of state that made submissions on the tabled budget
- ✓ Give the mayor an opportunity to respond to any submissions and if necessary revise the budget.
- ✓ Consider approval of the budget at least 30 days before the start of the budget year.
- ✓ Approve the budget before the start of the budget year.
- ✓

By focusing on these critical aspects, Councillors will be able to provide appropriate political leadership and direction to the Municipality's operations, oversee the preparation of budgets and oversee the achievement of financial and non-financial objectives expressed in the budget and IDP.

The Budget Process is guided by the following phases:-

- ✓ Revision of the Integrated Development Plan
- ✓ Development of Budget Policies and Guidelines
- ✓ Preparation and submission of departmental budgets
- ✓ Preparation of the draft annual budget
- ✓ Revision of the budget by the Budget Advisory Committee

- ✓ Revision of the budget by the Mayoral Committee
- ✓ Community Consultations
- ✓ Budget approval and
- ✓ Budget implementation

2.2 OVERVIEW OF THE BUDGET POLICIES

Recommended Budget Policies

Policy # 1 - Budget Sustainability

Background. Sustainability is the notion that current economic and consumption patterns should not reduce opportunities for future generations by depleting or impairing resources. The driving force behind sustainability is the recognition that, our communities' natural capital is limited. Sustainability demands balance among economy, environment, and community. Emphasizing any one of these factors over the others causes an imbalance in future equity and undermines the ability to support current business practices over the long term. Many businesses worldwide have demonstrated that they can operate profitably while employing sustainable practices. Similarly, many governments have adopted and implemented sustainable policies and business practices. Through the power of example, the public sector must continue to lead the way toward a sustainable future. Standing at the vortex of the policymaking process, government has an important role to play in this critical effort.

Recommendation:

That the issue of sustainability is considered a core value in setting organizational policy and establishing business practices in all areas of public finance. Accordingly, it is recommended that Matjhabeng Municipality adopt the following actions:

A. Public Policy:

- ☐ Incorporate a commitment to sustainability into mission and value statements.
- ☐ Develop organizational goals that reflect sustainability principles at the departmental levels.
- ☐ Encourage policy development that supports the environmental sustainability of the Municipality
- Implement policies encouraging or requiring the use of products certified as sustainable and/or environmentally friendly.
- ☐ Evaluate how the Municipality tax structure affects its goals for a healthy economy, a healthy environment, and social fairness.
- Form partnerships with other government agencies and with the private and not-for-profit sectors that promote sustainability.

B. Budget and Management:

- Develop budget processes that reflect sustainability goals and objectives, measure government performance in realizing those goals and objectives, and benchmark such performance against comparable Municipalities and/or accepted standards.
- Consider financing and capital planning processes that systematically identify future costs and allocate those costs equitably across generations. The use of life-cycle costing and similar analytical tools is advised.

C. Sustainable Business Practices:

- Implement purchasing practices that support the procurement of sustainable and recycled goods and services consistent with the Municipality financial plans and resources.
- Promote the use of products certified by reputable third-party organizations.
- Develop sustainability principles and guidelines for facility and infrastructure development. Adopt green building standards, for construction projects.
- Adopt policies that promote sustainable business practices in governmental operations, such as fleet management, building maintenance, and parks and green space. Consider adopting guidelines established by independent organizations.
- Implement practices and procedures that reduce waste, carbon dioxide emissions, and reliance on non-renewable resources; promote recycling and reuse; and minimize employee exposure to hazardous materials.
- Educate and inform employees of the importance of sustainable practices and offer suggestions they can employ in the workplace.
- Report on sustainable business practices and goals in annual reports, budget documents, and other core communications.
- Include sustainability in job descriptions and performance reviews.

Policy # 2 – Financial Planning Policies**Background.**

The development and adoption of Financial Policies form the framework for the preparation of Operating and Capital Budgets that encompasses the broad scope of governmental planning and

decision-making with regard to the use of resources. The policies included are those considered fundamental to the budget process and the long-term financial sustainability of Matjhabeng.

The Municipality's adopted financial policies should be used to frame major policy initiatives and be summarized in the budget document.

It is further recommended that these policies, along with any others that may be adopted, be reviewed during the budget process. Finance staff should review the policies to ensure continued relevance and to identify any gaps that should be addressed with new policies. The results of the review should be shared with the Council during the review of the proposed budget.

These policies address both the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the Municipality should adopt policies that support.

Recommendation:

- A. Balanced Budget - That** Matjhabeng Municipality adopt the policy of commitment to a balanced operating and capital budget under normal circumstances, and provides for disclosure when a deviation from a balanced budget is planned or when it occurs.

- B. Long-Range Planning - That** Matjhabeng Municipality adopt a policy(s) that supports a financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets. This requires that the long term financial impact of all budget decisions be included in the budgets including maintenance cost of new infrastructure.

- C. Asset Management - That** Matjhabeng Municipality adopt a policy that assess the condition of all major capital assets and plan for the ongoing financial commitments required to maximize the public's benefit and in accordance with GAMAP policy.

- D. Linkage of the IDP and Capital Budget - That** Matjhabeng Municipality adopt a policy whereby only projects identified in the IDP be included in the Capital Budget

- E. Separate Multi-year Capital Budget – That** Matjhabeng adopt a policy of preparing a separate 3 year Capital budget that includes financing plans to ensure a balanced Capital Budget.

- F. Total cost of Capital Projects** – That Matjhabeng Municipality adopt a policy where Council must consider the total cost covering all financial years until the project is operational and must consider the impact of future costs and revenues on the operational budget.

Policy # 3 – Budget Policy

Background

The Adoption of Budget Policies forms the framework upon which the Revenues and Expenditures of the Operating and Capital Budgets are constructed. This framework ensures the budgets are compiled using realistic assumptions. They also ensure that the budget estimates are sustainable in future years.

- A. Revenue Policies** - That Matjhabeng Municipality adopt the policy of budgeting for revenue projections that can realistically be collected and are sustainable. Understanding the revenue stream is essential to prudent planning. This policy seeks stability to avoid potential service disruptions caused by revenue shortfalls. At a minimum Matjhabeng should have policies that address:

- ❖ **Revenue Diversification** - That Matjhabeng adopt a policy that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
- ❖ **Tariffs** – That Matjhabeng adopt a policy that identify the manner in which tariffs are set and the extent to which they cover the cost of the service provided.
- ❖ **Use of One-time Revenues** – That Matjhabeng adopt a policy of discouraging the use of one-time revenues for ongoing expenditures and that all one time revenues are used to fund one-time expenditures.
- ❖ **Use of Unpredictable Revenues** – That Matjhabeng adopt a policy where on the collection of major revenue sources it considers unpredictable, a corresponding allowance for non collection be included in the Budget.
- ❖ **Revenue Management** – That Matjhabeng municipality adopt a policy that the approved credit control policy will be enforced to ensure a high rate of collection of the revenues owing to the Municipality

- B. Expenditure Policies** - The expenditures of the Municipality define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. At a minimum Matjhabeng should have policies that address:

- **Appropriation of funds for expenditure** – That Matjhabeng Municipality adopt a policy by which it incurs only those expenditures that are approved in the Budget and within the limits of the amounts appropriated for different votes in the approved Budget
- **Debt Capacity, Issuance, and Management** – That Matjhabeng Municipality adopt a policy that specifies appropriate uses for debt and identifies the maximum amount of debt and debt service is no greater than 20% of Gross Operating Expenditure.
- **Reserve or Stabilization Accounts** - That Matjhabeng adopt a policy to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. That this Reserve be capped at a maximum of 20% of Gross Operating Expenditures and be funded from any cash surpluses generated.
- **Operating/Capital Expenditure Accountability** - That Matjhabeng adopt a policy to compare actual expenditures to budget on a monthly basis and that staff be required to recommend actions that will bring into balance, if necessary.
- **Salary and Allowance costs** – That Matjhabeng adopt a policy whereby the cost of salaries and allowances do not exceed 36 % of Gross operating costs and that this policy be phased in over the next three years.

SUPPORTING TABLES

FS184 Matjhabeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		169 289	181 926	186 625	136 325		136 325	136 325	196 455	212 171	229 145
<i>less Revenue Foregone</i>									48 075	51 921	56 075
Net Property Rates		169 289	181 926	186 625	136 325	-	136 325	136 325	148 380	160 250	173 070
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		212 062	289 866	432 281	518 737		518 737	518 737	575 954	645 069	696 674
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		212 062	289 866	432 281	518 737	-	518 737	518 737	575 954	645 069	696 674
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		160 454	159 696	183 017	183 017		183 017	183 017	183 017	183 017	197 658
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		160 454	159 696	183 017	183 017	-	183 017	183 017	183 017	183 017	197 658
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		80 054	85 482	98 230	98 230		98 230	98 230	103 633	111 923	120 877
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		80 054	85 482	98 230	98 230	-	98 230	98 230	103 633	111 923	120 877
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		47 685	52 340	55 224	55 280		55 280	55 280	58 320	62 986	68 024
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		47 685	52 340	55 224	55 280	-	55 280	55 280	58 320	62 986	68 024
<u>Other Revenue by source</u>											
<i>Other Revenue</i>		17 863	17 185	13 561	15 345		15 345	15 345	35 984	41 168	44 462

	3										
Total 'Other' Revenue	1	17 863	17 185	13 561	15 345	-	15 345	15 345	35 984	41 168	44 462
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	164 215	189 756	220 926	269 304		269 304	269 304	291 930	324 723	366 586
Pension and UIF		51	58	36	63		63	63	45	49	37
Contributions		402	840	759	352		352	63 352	541	185	234
Medical Aid Contributions		-		29	27		27	27	25	27	30
Overtime		30	26	41	2		2	2	48	51	56
Performance Bonus		829	904	255	068		068	2 068	089	936	091
Motor Vehicle Allowance		12	14		33		33				
Cellphone Allowance		721	609		386		386	33 386		-	-
Housing Allowances			20	14					12	13	14
Other benefits and allowances		-	857	035					322	308	373
Payments in lieu of leave			2	2	19		19	19	1	1	1
Long service awards		3							2	2	2
Post-retirement benefit obligations		196	389	075	311		311	19 311	179	353	541
		6	11	11					9	10	11
		145	750	270					21	23	25
		465	544	523					819	564	450
	4									-	-
<i>sub-total</i>	5	268 973	325 650	387 387	414 909	-	414 909	414 909	458 293	504 395	544 746
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	268 973	325 650	387 387	414 909	-	414 909	414 909	458 293	504 395	544 746
<u>Contributions recognised - capital</u>											
<i>Contribution to capital</i>					27		27		35	38	40
					455		455	27 455	000	500	425
Total Contributions recognised - capital		-	-	-	27	-	27	27 455	35	38	40
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		15	28		4		4	4 500	4	4	4
Lease amortisation		518	890		500		500	4 500	500	500	500
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset	1	15	28		4		4		4	4	4

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Repairs and Maintenance by Expenditure Item	8										
		Employee related costs									
		Other materials									
		Contracted Services									
		28		97			124				
Other Expenditure		628		642	124 898		124 898	898	161 889	182 529	197 131
Total Repairs and Maintenance Expenditure	9	28		97			124				
		628	–	642	124 898	–	124 898	898	161 889	182 529	197 131

**FS184 Matjhabeng - Supporting Table SA2 Matrix Financial
Performance Budget (revenue source/expenditure type and
dept.)**

Description	R e f	Vot e 1 - CO UN CIL GE NE RA L	Vot e 2 - OF FIC E OF TH E EX EC UTI VE MA YO R	Vot e 3 - OF FIC E OF TH E SP EA KE R	Vot e 4 - OF FIC E OF TH E MU NIC IPA L MA NA GE R	Vot e 5 - CO RP OR ATE SUP PO RT SER VIC ES	Vot e 6 - FIN AN CE	Vot e 7 - HU MA N RES OU RC ES	Vot e 8 - CO MM UNI TY SE RVI CE S	Vot e 9 - PU BLI C SAF ETY AN D TR AN SP OR T	Vote 10 - ECO NOM IC DEV ELO PME NT	Vote 11 - ENG INE ERI NG SER VIC ES	Vot e 12 - WA TER	Vot e 13 - ELE CTR ICIT Y	Vote 14 - ME CHA NIC AL WO RKS HOP	Vot e 15 - HO USI NG SE RVI CE S	Tot al
R thousand	1																
Revenue By Source																	
Property rates							148										148
Property rates - penalties & collection charges							380										380
Service charges - electricity revenue														575			575
Service charges - water revenue													183	954			183
Service charges - sanitation revenue											103		017				633
Service charges - refuse revenue									58								320
Service charges - other																	-
Rental of facilities and equipment																	-
Interest earned - external investments																	-
Interest earned - outstanding debtors					77												373
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services																	-
Other revenue		35															984
Transfers recognised - operational		434															657
Gains on disposal of PPE		657															-
Total Revenue (excluding capital		470	-	-	77	-	148	-	58	-	-	103	183	575	-	-	1

transfers and contributions)	641			373		380		320			633	017	954			617 318
Expenditure By Type	-															
Employee related costs	34 111			23 930	31 681	38 208	8 435	119 139	68 033	9 342	56 006	21 653	22 160	5 097	11 789	449 587
Remuneration of councillors		797	21 529													22 326
Debt impairment	10 795					38 050		17 496				54 905	172 786			294 032
Depreciation & asset impairment																-
Finance charges						259	397	371			2 500					3 527
Bulk purchases																-
Other materials																-
Contracted services																-
Transfers and grants																-
Other expenditure	9 928	6 084	3 038	16 014	15 153	9 759	1 996	19 863	16 325	3 219	11 429	223 325	273 031	776	2 181	612 122
Loss on disposal of PPE																-
Total Expenditure	54 835	6 882	24 566	39 944	46 834	86 276	10 828	156 869	84 359	12 561	69 935	299 884	467 978	5 873	13 970	1 381 593
Surplus/(Deficit)	415 806	(6 882)	(24 566)	37 429	(46 834)	62 104	(10 828)	(98 549)	(84 359)	(12 561)	33 698	(116 867)	107 976	(5 873)	(13 970)	235 724
Transfers recognised - capital																-
Contributions recognised - capital											35 000					35 000
Contributed assets																-
Surplus/(Deficit) after capital transfers & contributions	415 806	(6 882)	(24 566)	37 429	(46 834)	62 104	(10 828)	(98 549)	(84 359)	(12 561)	68 698	(116 867)	107 976	(5 873)	(13 970)	270 724

**FS184 Matjhabeng - Supporting Table
SA3 Supporting detail to 'Budgeted
Financial Position'**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousand								
ASSETS								
<u>Call investment deposits</u>								
Call deposits < 90 days					14 896	14 896	14 896	14 896
Other current investments > 90 days		12 223	13 793	15 147				
Total Call investment deposits	2	12 223	13 793	15 147	14 896	14 896	14 896	14 896
<u>Consumer debtors</u>								
Consumer debtors		1 199 364	606 731	816 440	563 683	563 683	563 683	563 683
Less: Provision for debt impairment		(1 082 106)	(483 180)	(683 212)	(397 010)	(397 010)	(397 010)	(397 010)
Total Consumer debtors	2	117 258	123 552	133 227	166 673	166 673	166 673	166 673
<u>Debt impairment provision</u>								
Balance at the beginning of the year		772 429	(1 082 106)	(483 180)	1 022 333	1 022 333	1 022 333	1 022 333
Contributions to the provision		309 676	(54 359)	(206 742)	397 010	397 010	397 010	397 010
Bad debts written off			653 285	6 709	(397 010)	(397 010)	(397 010)	(397 010)
Balance at end of year		1 082 106	(483 180)	(683 212)	1 022 333	1 022 333	1 022 333	1 022 333
<u>Property, plant and equipment (PPE)</u>								
PPE at cost/valuation (excl. finance leases)		1 326 400	1 416 649	1 562 810	1 559 168	1 559 168	1 559 168	1 559 168
Leases recognised as PPE								
Less: Accumulated depreciation		757 238	657 573	686 464	834 576	834 576	834 576	834 576
Total Property, plant and equipment (PPE)	2	569 162	759 076	876 346	724 592	724 592	724 592	724 592
LIABILITIES								
<u>Current liabilities - Borrowing</u>								
Short term loans (other than bank overdraft)		26 054						
Current portion of long-term liabilities		26 344	53 890	26 787	34 933	34 933	34 933	34 933
Total Current liabilities - Borrowing		52 398	53 890	26 787	34 933	34 933	34 933	34 933
<u>Trade and other payables</u>								
Trade and other creditors		227 816	337 098	402 169	364 497	364 497	364 497	364 497
Unspent conditional transfers		7 771	46 427	78 266	51 445	51 445	51 445	51 445
VAT		114 640	64 765	15 506				
Total Trade and other payables	2	350 227	448 289	495 942	415 943	415 943	415 943	415 943
<u>Non current liabilities - Borrowing</u>								
Borrowing		51 792	6 913	-	48 978	48 978	48 978	48 978
Finance leases (including PPP asset element)		17 275	13 731	11 468				
Total Non current liabilities - Borrowing	4	69 067	20 643	11 468	48 978	48 978	48 978	48 978
<u>Provisions - non-current</u>								
Retirement benefits								
List other major provision items								

Refuse landfill site rehabilitation					2 617	2 617	2 617	2 617
Other		2 042	59 661	72 606				
Total Provisions - non-current		2 042	59 661	72 606	2 617	2 617	2 617	2 617
CHANGES IN NET ASSETS								
<u>Accumulated Surplus/(Deficit)</u>								
Accumulated Surplus/(Deficit) - opening balance		(17 140)	328 070	438 342	27 340	27 340	27 340	27 340
GRAP adjustments		(17 140)	328 070	438 342	27 340	27 340	27 340	27 340
Restated balance		128 486	175 503	346 649	356 991	-	356 991	356 991
Surplus/(Deficit)								
Appropriations to Reserves								
Transfers from Reserves								
Depreciation offsets								
Other adjustments								
Accumulated Surplus/(Deficit)	1	111 346	503 572	784 991	384 331	27 340	384 331	384 331
<u>Reserves</u>	-							
Housing Development Fund								
Capital replacement		12						
Self-insurance		237 043						
Other reserves					330 253	330 253	330 253	330 253
Revaluation								
Total Reserves	2	237 055	-	-	330 253	330 253	330 253	330 253
TOTAL COMMUNITY WEALTH/EQUITY	2	348 401	503 572	784 991	714 584	357 593	714 584	714 584

FS184 Matjhabeng - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
- Operating Transfers and Grants										
National Government:		222 405	286 027	360 917	394 649	-	394 649	434 657	465 581	500 315
Local Government Equitable Share		221 334	284 476	358 900	392 899		392 899	432 357	463 211	497 815
Finance Management Municipal Systems Improvement		1 071	773	1 000	1 000		1 000	500	1 500	1 550
		-	779	1 017	750		750	800	870	950
Other transfers/grants [insert description]										
Provincial Government:		-	-	362	-	-	-	-	-	-
Health subsidy				362						
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:	5	-	-	150	-	-	-	-	-	-
South African Youth Council				150						
Total Operating Transfers and Grants	5	222 405	286 027	361 429	394 649	-	394 649	434 657	465 581	500 315
Capital Transfers and Grants										
National Government:		68 735	76 803	167 303	164 896	-	164 896	200 030	211 008	223 208
Municipal Infrastructure Grant (MIG)		68 735	76 803	166 801	164 896		164 896	200 030	211 008	223 208
Neighbourhood Development Partnership				41						
Department of minerals and energy				461						
Provincial Government:		-	46 804	10 899	12 286	-	12 286	11 597	5 500	9 828

Operation Hlasela			46 804	10 899	12 286		12 286	11 597	5 500	9 828
District Municipality: <i>Lejweleputswa District Municipality</i>		-	1 447	3 874	-	-	-	-	-	-
			1 447	3 874						
Other grant providers:		-	-	468	-	-	-	-	-	-
<i>LED Grant</i>				468						
Total Capital Transfers and Grants	5	68 735	125 054	182 544	177 182	-	177 182	211 627	216 508	233 036
TOTAL RECEIPTS OF TRANSFERS & GRANTS		291 139	411 082	543 973	571 831	-	571 831	646 284	682 089	733 351

FS184 Matjhabeng - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		222 405	286 027	360 650	394 649	-	394 649	434 657	465 581	500 315
Local Government Equitable Share		221 334 ¹	284 476	358 900 ¹	392 899 ¹		392 899 ¹	432 357 ¹	463 211 ¹	497 815 ¹
Finance Management		071	773	000	000		000	500	500	550
Municipal Systems Improvement		-	779	750	750		750	800	870	950
Other transfers/grants [insert description]										
Provincial Government:		-	-	362	-	-	-	-	-	-
Health subsidy				362						
0										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	150	-	-	-	-	-	-
South African Youth Council				150						
Total operating expenditure of Transfers and Grants:		222 405	286 027	361 162	394 649	-	394 649	434 657	465 581	500 315

Capital expenditure of Transfers and Grants									
National Government:	68	76	137	164		164	200	211	223
Municipal Infrastructure Grant (MIG)	735	803	104	896	–	896	030	008	208
Neighbourhood Development Partnership	68	76	137	164		164	200	211	223
	735	803	104	896		896	030	008	208
Department of minerals and energy									
Provincial Government:		46	10	12		12	11	5	9
Operation Hlasela	–	804	899	286	–	286	597	500	828
District Municipality:		46	10	12		12	11	5	9
Lejweleputswa District Municipality		804	899	286		286	597	500	828
	–	1	3	–	–	–	–	–	–
Other grant providers:		447	874	–	–	–	–	–	–
LED Grant		447	874						
	–	–	468	–	–	–	–	–	–
			468						
Total capital expenditure of Transfers and Grants	68	125	152	177	–	177	211	216	233
	735	054	346	182	–	182	627	508	036
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	291	411	513	571	–	571	646	682	733
	139	082	508	831	–	831	284	089	351

**FS184 Matjhabeng - Supporting Table SA25 Budgeted
monthly revenue and expenditure**

Description	R e f	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	Aug ust	Sep t.	Oct obe r	Nov em ber	Dec em ber	Jan uar y	Feb ruar y	Mar ch	Apri l	May	Jun e	Bud get Year 2012 /13	Bud get Year +1 2013 /14	Bud get Year +2 2014 /15
<u>Revenue By Source</u>	-															
Property rates		12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	148 380	160 250	173 070
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue		47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	575 954	645 069	696 674
Service charges - water revenue		15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	183 017	183 017	197 658
Service charges - sanitation revenue		8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	103 633	111 923	120 877
Service charges - refuse revenue		4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	58 320	62 986	68 024
Service charges - other													-	-	-	-
Rental of facilities and equipment													11 800	11 800	12 830	13 857
Interest earned - external investments													-	-	-	-
Interest earned - outstanding debtors		6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	(5 352)	65 573	13 763	14 864
Dividends received													-	-	-	-
Fines													-	-	-	-
Licences and permits													-	-	-	-
Agency services													-	-	-	-
Transfers recognised - operational		36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	434 657	408 097	449 844
Other revenue		3 082	3 082	3 082	3 082	3 082	3 082	3 082	3 082	3 082	3 082	3 082	2 082	35 984	41 168	44 462
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		134 860	134 860	134 860	134 860	134 860	134 860	134 860	134 860	134 860	134 860	134 860	133 860	1 617 318	1 639 103	1 779 330
<u>Expenditure By Type</u>	-															
Employee related costs		36 524	36 524	36 524	36 524	36 524	36 524	36 524	36 524	36 524	36 524	36 524	56 525	458 293	504 395	544 746

Remuneration of councillors		1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	13 619	14 709	15 885
Debt impairment		27 094	27 094	27 094	27 094	27 094	27 094	27 094	27 094	27 094	27 094	27 094	27 094	325 122	257 605
Depreciation & asset impairment		375	375	375	375	375	375	375	375	375	375	375	4 500	4 500	4 500
Finance charges													-	-	-
Bulk purchases		39 566	39 566	39 566	39 566	39 566	39 566	39 566	39 566	39 566	39 566	39 566	474 792	509 468	550 225
Other materials													-	-	-
Contracted services													-	-	-
Transfers and grants													-	-	-
Other expenditure		12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	144 101	156 307	168 811
Loss on disposal of PPE													-	-	-
Total Expenditure		116 702	116 702	116 702	116 702	116 702	116 702	116 702	116 702	116 702	116 702	116 702	136 703	142 428	154 774
Surplus/(Deficit)		18 158	18 158	18 158	18 158	18 158	18 158	18 158	18 158	18 158	18 158	18 158	(2 844)	196 889	221 029
Transfers recognised - capital		18 248	18 248	18 248	18 248	18 248	18 248	18 248	18 248	18 248	18 248	18 248	10 182	216 508	233 036
Contributions recognised - capital		2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	35 000	38 500	40 425
Contributed assets													-	-	-
Surplus/(Deficit) after capital transfers & contributions		39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	10 255	442 801	476 037
Taxation Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	1	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	39 322	10 255	442 801	476 037

**FS184 Matjhabeng - Supporting Table SA26 Budgeted
monthly revenue and expenditure (municipal vote)**

Description R thousand	R e f	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	Aug ust	Sep t.	Oct obe r	Nov emb er	Dec emb er	Jan uary	Feb ruar y	Mar ch	Apri l	May	Jun e	Bud get Year 2012/ 13	Bud get Year +1 2013/ 14	Bud get Year +2 2014/ 15
Revenue by Vote	-															
Vote 1 - COUNCIL GENERAL		36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	434 657	408 097	449 844
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR													-	-	-	-
Vote 3 - OFFICE OF THE SPEAKER													-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	24 623	26 593	28 721
Vote 5 - CORPORATE SUPPORT SERVICES		7	7	7	7	7	7	7	7	7	7	7	7	81	88	95
Vote 6 - FINANCE		18 823	18 823	18 823	18 823	18 823	18 823	18 823	18 823	18 823	18 823	18 823	16 125	223 173	186 363	201 272
Vote 7 - HUMAN RESOURCES													-	-	-	-
Vote 8 - COMMUNITY SERVICES		4 866	4 866	4 866	4 866	4 866	4 866	4 866	4 866	4 866	4 866	4 866	4 866	58 396	63 067	68 113
Vote 9 - PUBLIC SAFETY AND TRANSPORT		159	159	159	159	159	159	159	159	159	159	159	159	1 903	2 056	2 220
Vote 10 - ECONOMIC DEVELOPMENT													-	-	-	-
Vote 11 - ENGINEERING SERVICES													-	-	-	-
Vote 12 - WATER		23 887	23 887	23 887	23 887	23 887	23 887	23 887	23 887	23 887	23 887	23 887	23 888	286 649	294 940	318 535
Vote 13 - ELECTRICITY		47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	575 954	645 069	696 674
Vote 14 - MECHANICAL WORKSHOP													-	-	-	-
Vote 15 - HOUSING SERVICES		990	990	990	990	990	990	990	990	990	990	990	990	11 880	12 830	13 857
Total Revenue by Vote		135 001	135 001	135 001	135 001	135 001	135 001	135 001	135 001	135 001	135 001	135 001	132 305	1 617 318	1 639 103	1 779 330
Expenditure by Vote to be appropriated	-															
Vote 1 - COUNCIL GENERAL		4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 603	55 243	60 333	51 384
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	15 188	16 476	17 751

Vote 3 - OFFICE OF THE SPEAKER	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 160	3 906	16 667	18 171	19 524
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER	3 604	3 604	3 604	3 604	3 604	3 604	3 604	3 604	3 604	3 604	3 604	3 604	43 243	46 963	50 566
Vote 5 - CORPORATE SUPPORT SERVICES	3 953	3 953	3 953	3 953	3 953	3 953	3 953	3 953	3 953	3 953	3 953	3 953	47 441	51 582	55 504
Vote 6 - FINANCE	7 250	7 250	7 250	7 250	7 250	7 250	7 250	7 250	7 250	7 250	7 250	7 250	86 997	79 344	88 917
Vote 7 - HUMAN RESOURCES	911	911	911	911	911	911	911	911	911	911	911	911	10 930	11 896	12 793
Vote 8 - COMMUNITY SERVICES	14 043	14 043	14 043	14 043	14 043	14 043	14 043	14 043	14 043	14 043	14 043	14 043	168 516	173 187	187 445
Vote 9 - PUBLIC SAFETY AND TRANSPORT	7 633	7 633	7 633	7 633	7 633	7 633	7 633	7 633	7 633	7 633	7 633	7 634	91 601	99 671	107 207
Vote 10 - ECONOMIC DEVELOPMENT	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	14 772	15 206	33 714
Vote 11 - ENGINEERING SERVICES	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	134 907	145 839	156 906
Vote 12 - WATER	42 126	42 126	42 126	42 126	42 126	42 126	42 126	42 126	42 126	42 126	42 126	(62 407)	400 977	428 718	451 834
Vote 13 - ELECTRICITY	538	538	538	538	538	538	538	538	538	538	538	499 595	505 510	465 254	518 442
Vote 14 - MECHANICAL WORKSHOP	538	538	538	538	538	538	538	538	538	538	538	538	6 453	7 025	7 554
Vote 15 - HOUSING SERVICES	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	18 871	19 438	19 788
Total Expenditure by Vote	101 671	101 671	101 671	101 671	101 671	101 671	101 671	101 671	101 671	101 671	101 671	498 941	617 317	639 103	779 330
Surplus/(Deficit) before assoc.	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	(366 636)	0	0	0
Taxation Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	33 331	(366 636)	0	0	0

FS184 Matjhabeng - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	R e f	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	Aug ust	Sept .	Octo ber	Nov.	Dec.	Jan uary	Feb.	Mar ch	Apri l	May	Jun e	Budg et Year 2012/ 13	Budg et Year +1 2013/ 14	Budg et Year +2 2014/ 15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		195	195	195	195	195	195	195	195	195	195	195	195	2 341	2 341	2 341
Executive and council		195	195	195	195	195	195	195	195	195	195	195	195	2 341	2 341	2 341
Budget and treasury office														-	-	-
Corporate services														-	-	-
<i>Community and public safety</i>		3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	40 203	22 500	46 541
Community and social services														-	-	-
Sport and recreation		3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	3 350	40 203	22 500	46 541
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		683	683	683	683	683	683	683	683	683	683	683	683	8 191	43 257	50 166
Planning and development		683	683	683	683	683	683	683	683	683	683	683	683	8 191	43 257	50 166
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		6 624	6 624	6 624	6 624	6 624	6 624	6 624	6 624	6 624	6 624	6 624	6 623	79 485	179 767	200 628
Electricity														-	7 203	-
Water		416	416	416	416	416	416	416	416	416	416	416	416	4 990	23 134	56 265
Waste water management		6 208	6 208	6 208	6 208	6 208	6 208	6 208	6 208	6 208	6 208	6 208	6 207	74 495	149 431	144 363
Waste management														-	-	-
<i>Other</i>		9 701	9 701	9 701	9 701	9 701	9 701	9 701	9 701	9 701	9 701	9 701	9 701	116 407	67 713	114 636
Total Capital Expenditure - Standard	2	20 552	20 552	20 552	20 552	20 552	20 552	20 552	20 552	20 552	20 552	20 552	20 552	246 627	315 579	414 313

FS184 Matjhabeng - Supporting Table
SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	Aug ust	Sept .	Oct ober	Nov emb er	Dec emb er	Jan uary	Febr uary	Mar ch	Apri l	May	Jun e	Budg et Year 2012/ 13	Budg et Year +1 2013/ 14	Budg et Year +2 2014/ 15
R thousand															
Cash Receipts By Source													1		
Property rates	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	12 365	148 380	160 250	173 070
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 996	47 998	575 954	645 069	696 674
Service charges - water revenue	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 251	15 254	183 017	183 017	197 658
Service charges - sanitation revenue	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 636	8 637	103 633	111 923	120 877
Service charges - refuse revenue	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	4 860	58 320	62 986	120 877
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	2 052	24 623	26 593	28 721
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 221	36 225	434 657	408 097	449 844
Other revenue	7 395	7 395	7 395	7 395	7 395	7 395	7 395	7 395	7 395	7 395	7 395	7 391	88 734	41 168	44 462
Cash Receipts by Source	134 776	134 776	134 776	134 776	134 776	134 776	134 776	134 776	134 776	134 776	134 776	134 780	617 318	639 103	832 183
Other Cash Flows by Source															
Transfer receipts - capital	17 636	17 636	17 636	17 636	17 636	17 636	17 636	17 636	17 636	17 636	17 636	17 631	211 627	216 508	233 036
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Borrowing long term/refinancing												-			
Increase (decrease)												-			
in consumer deposits												-			
Decrease (Increase)												-			
in non-current debtors												-			
Decrease (increase)												-			
other non-current receivables												-			
Decrease (increase)												-			
in non-current investments												-			
Total Cash Receipts by Source	152 412	152 412	152 412	152 412	152 412	152 412	152 412	152 412	152 412	152 412	152 412	152 412	1 828 945	1 855 611	2 065 219
Cash Payments by Type															
Employee related costs	39 326	39 326	39 326	39 326	39 326	39 326	39 326	39 326	39 326	39 326	39 326	39 327	471 913	519 104	560 631
Remuneration of councillors												-			
Finance charges												-			
Bulk purchases - Electricity	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 710	260 488	278 019	300 261
Bulk purchases - Water & Sewer	17 859	17 859	17 859	17 859	17 859	17 859	17 859	17 859	17 859	17 859	17 859	17 855	214 304	231 448	249 964
Other materials												-			
Contracted services												-			
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 008	12 013	144 101	156 307	168 811
Cash Payments by Type	90 900	90 900	90 900	90 900	90 900	90 900	90 900	90 900	90 900	90 900	90 900	90 905	1 090 806	1 184 878	1 279 667
Other Cash Flows/Payments by Type															
Capital assets	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 913	35 000	38 500	40 425
Repayment of borrowing	375	375	375	375	375	375	375	375	375	375	375	375	4 500	4 500	4 500
Other Cash Flows/Payments												-			
Total Cash Payments by Type	94 192	94 192	94 192	94 192	94 192	94 192	94 192	94 192	94 192	94 192	94 192	94 194	1 130 306	1 227 878	1 324 592
NET INCREASE/(DECREASE) IN CASH HELD	58 220	58 220	58 220	58 220	58 220	58 220	58 220	58 220	58 220	58 220	58 220	58 218	698 639	627 732	740 626
Cash/cash equivalents at the month/year begin:		58 220	116 440	174 661	232 881	291 101	349 321	407 541	465 761	523 981	582 201	640 421	-	698 639	326 371
Cash/cash equivalents at the month/year end:	58	116	174	232	291	349	407	465	523	582	640	698	698	326	326

	220	440	661	881	101	321	541	761	981	201	421	639	639	371	998
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FS184 Matjhabeng - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	R ef 1	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
-								112	130	140
<u>Infrastructure</u>		-	-	-	-	-	-	731	340	768
Infrastructure - Road transport		-	-	-	-	-	-	48	52	56
<i>Roads, Pavements & Bridges</i>								31	33	36
<i>Storm water</i>								17	18	20
Infrastructure - Electricity		-	-	-	-	-	-	37	40	43
<i>Generation</i>										
<i>Transmission & Reticulation</i>								36	39	42
<i>Street Lighting</i>								342	249	389
Infrastructure - Water		-	-	-	-	-	-	1	1	1
<i>Dams & Reservoirs</i>								190	286	389
<i>Water purification</i>								19	30	32
<i>Reticulation</i>								632	001	401
Infrastructure - Sanitation		-	-	-	-	-	-	6	7	8
<i>Reticulation</i>										
<i>Sewerage purification</i>								6	7	8
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
<u>Community</u>		-	-	-	-	-	-	11	12	13
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities								2	2	3
Fire, safety & emergency								577	783	006
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										

Cemeteries	8									
Social rental housing										
Other							9	9	10	
							070	795	579	
Heritage assets		-	-	-	-	-	-	-	-	
Buildings	9									
Other										
Investment properties		-	-	-	-	-	-	-	-	
Housing development										
Other										
Other assets		-	-	-	-	-	37	39	196	
General vehicles	10						511	610	977	
Specialised vehicles		-	-	-	-	-	-	-	-	
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)							37	39	196	
Other							511	610	977	
Agricultural assets		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	161	182	351	
		-	-	-	-	-	889	529	329	
Specialised vehicles		-	-	-	-	-	-	-	-	
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.7%	21.6%	38.5%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	12.9%	22.8%

